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SUBJECT: PROVINCIAL INVESTMENT COMMISSION PRIORITIES IN MUTHANNA

Ref A: Baghdad 3492  
B: Baghdad 3256

[1](#)1. (U) This is a PRT Muthanna reporting cable.

[1](#)2. (SBU) Summary: On November 17, the Muthanna Provincial Investment Commission (PIC) met with the PRT's EconOff and business development adviser to discuss the PIC's priorities and investment strategy. In contrast to the agricultural focus in Muthanna, the PIC seeks to build a substantial heavy industry base in the province. The PRT, in conjunction with Embassy Baghdad, will work to assist the PIC train and otherwise build capacity in the foreseeable future. End summary.

[1](#)3. (SBU) On November 17, Muthanna's Provincial Investment Commission (PIC) chairman Adel Dakhel Mohammed Al-Yasiri and board member Abdel Kareem Yaseen met with the PRT's PAO and business development adviser to discuss the PIC's priorities, plans, investment strategy, and current operations. Muthanna's operation appears to be considerably ahead of its provincial peers, as the PIC has developed an "investment map" of priorities, has hired a professional staff of 60, and has licensed several foreign investments with more currently under negotiation.

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THE "INVESTMENT MAP" INDUSTRIAL STRATEGY  
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[1](#)4. (U) In contrast to many other provinces, Muthanna's PIC has developed a comprehensive economic development strategy, dubbed its "Investment Map." This document has a number of attributes often found in local economic development marketing materials in the United States or elsewhere: an economic, demographic, and cultural description of the province, investment priorities of the commission, and available sites for projects, complete with aerial pictures and descriptions. This investment map initially seeks investments in heavy industry, especially in cement, brick, iron, and chemical (e.g. caustic soda, chlorine, and lime) manufacturing. This is consistent with previous open source reports on the PIC's activities (ref A). Secondarily, the PIC discussed an interest in housing projects.

[1](#)5. (SBU) The PIC chose these industrial and housing sectors because (1) there is an immediate need for all of these products in the province or southern Iraq more generally and (2) available raw materials exist locally for manufacturing. When PRT staff questioned the manufacturing emphasis, given that Muthanna is a largely agricultural province, the PIC chairman responded that no international investor is very interested in agriculture. The benefit of agriculture, however, is that it generates far more employment per dollar invested as opposed to heavy industry. Given Muthanna's very high unemployment rate, employment generation is a critical need in the province (ref B).

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TRAINING AND CAPACITY BUILDING  
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[1](#)6. (SBU) PRT staff discussed training opportunities and capacity

building needs of the PIC and its staff. In addition, the PRT asked for feedback from the recent training session in Irbil. PIC members indicated that the training was useful, especially given that the idea of foreign investment in Iraq (outside of the oil/petrochemical industry) is largely new. They specifically asked for training for their professional staff. Although they have seven staffers in their technical and economic section, for example, these individuals do not have substantial experience in evaluating projects, and additional training for them would be helpful.

¶17. (SBU) The PRT business development adviser and PAO noted that they have expertise in cost/benefit analyses, investments, acquisitions, and management that would be useful training topics. The PRT offered to conduct such training either at the Mittica training center on Tallil Air Base or at the PIC building in Samawah. PRT business development adviser stressed that the project evaluation and cost/benefit part of their work is critical. Approving quality projects will pay large future dividends to the economic development of Muthanna.

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DESIRES FOR AMERICAN INVESTMENT  
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¶18. (SBU) The PIC chairman was very interested in discussing opportunities for American investment in Muthanna. PRT staff stressed that the organization is an arm of Embassy Baghdad/U.S. Government and does not represent any particular American investor or business. The PRT did agree to contact Embassy Baghdad to facilitate a meeting between Embassy officials and the Muthanna PIC. The PIC chairman concluded this part of the discussion by noting that there are only so many investment prospects in the province, and American business could lose an opportunity. Given good relations with the United States, the PIC chairman would prefer to see America invest in local opportunities instead of some other country. (Note: Concurrent to our meeting, the PRT Team Leader and the Deputy Commanding General for MND-C together held courtesy calls with Muthanna's Governor and the Provincial Council Chair(PCC). In each case, when they broached the subject of the PIC and foreign investment, both the Governor and the PCC echoed the PIC's call for American investment and indicated they would pull all the stops to facilitate the process).

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CURRENT AND FUTURE PROJECTS  
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¶19. (SBU) By the end of October, the PIC had signed six investment licenses on a variety of projects, including a shopping mall, a tourism facility, a hospital, and a new cement plant. In total, the value of these investments equals some 334.25 million USD. The largest of these is the new cement plant, valued at 249 million USD. The cement plant will be financed by a wealthy Iraqi businessman and built by the Chinese CNBM company. The project will include a 35 megawatt (MW) generator that will power the facility.

¶10. (SBU) Given this discussion, PRT staff asked about the two state owned cement plants that exist in Muthanna. The PIC chairman indicated that these plants are controlled by the Ministry of Industry and Minerals and therefore are not within the PIC's purview. When PRT staff asked the PIC chairman whether or not there is a plan for coordination between Muthanna PIC staff and ministries in Baghdad, the answer was, in very roundabout terms, "no."

¶11. (SBU) The PIC chairman briefly discussed current negotiations with foreign investors. Much of this time was spent discussing a second cement plant -- this time funded by a German company -- that is nearing final negotiations. The PIC chairman also discussed ongoing investment negotiations with Kuwaiti, Saudi, Chinese, and Iranian companies in general terms, but noted that these are in various stages. Recent open source reporting has suggested that investments under negotiation total about 1 billion USD.

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COMMENT  
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¶12. (SBU) The Muthanna Provincial Investment Commission appears to

be better developed than some of its peers around the country. Muthanna's PIC has a very active chairman, who is eager to meet with anyone and everyone who may have the ability and interest to invest in Muthanna. To that end, the PIC has developed both written and online marketing materials; additionally, they have developed a nascent advertising campaign that they have used to garner interest in the province. These efforts are better developed than many other provinces.

¶13. (SBU) Comment con't: One substantial shortfall is the lack of coordination between the PIC and GOI ministries in Baghdad. Since much of the potentially available land for projects, according to the PIC chairman, is owned by either the Ministry of Finance or the Ministry of Municipalities, the commission's efforts are not as efficient as they could be. While the chairman noted that this is a major obstacle or challenge to the PIC's efforts, he did not seem entirely motivated to work with GOI ministries to change the status quo. Nevertheless, the PIC, with the training and capacity building support of the PRT, will continue to work to increase the economic development of Muthanna. End comment.

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